

Required Supplementary Information (Unaudited)

1. Deferred Maintenance

Deferred maintenance is classified as not performed when it should have been or as scheduled but delayed to a future period. It is VA policy to ensure that medical equipment and critical facility equipment systems are maintained and managed in a safe and effective manner; therefore, deferred maintenance is not applicable to them.

VA facilities reported their cost estimates for deferred maintenance by utilizing either the Condition Assessment Survey or the Total Life-Cycle Cost Method.

Deferred Maintenance as of September 30,

	2005	2004
General PP&E	\$ 1,976	\$ 1,649
Heritage Assets	42	34
Total Deferred Maintenance	\$ 2,018	\$ 1,683

2. Balances with Other Federal Entities

Intragovernmental Assets as of September 30, 2005

Trading Partners	Fund Balance with Treasury	Investments	Accounts Receivable	Other Assets
Treasury	\$ 17,087	\$ 13,286	\$ -	\$ 4
DoD - Defense Agencies	-	-	49	-
All Other	-	-	23	36
Total Intragovernmental Assets	\$ 17,087	\$ 13,286	\$ 72	\$ 40

Intragovernmental Liabilities as of September 30, 2005

Trading Partners	Accounts Payable	Debt	Other
Treasury	\$ 19	\$ 2,193	\$ 1,942
Other	47	-	677
Total Intragovernmental Liabilities	\$ 66	\$ 2,193	\$ 2,619

Intragovernmental Earned Revenue and Related Cost (trade activity) Year Ended September 30, 2005

Trading Partner	Earned Revenue
DoD - Defense Agencies	\$ 1,064
Health & Human Services	510
Justice	46
All Other	89
Total Earned Revenue	\$ 1,709
Related Cost	\$ 1,658

Intragovernmental Non-Exchange Revenue Year Ended September 30, 2005

Trading Partner	Transfers-Out
Treasury	\$ 1,507

3. Schedule of Budgetary Activity

Schedule of Budgetary Activity Year Ended September 30, 2005

	Total Budgetary Resources	Obligations Incurred	Spending Authority from Offsetting Collections and Adjustments	Obligated Balance net, Oct. 1	Obligated Balance net, Sept. 30	Total Outlays
VHA						
0152 Medical Admin	4,518	4,400	45	656	840	4,171
0160 Medical Care	24,111	23,081	168	2,401	2,711	22,603
0161 Medical & Prosthetic Research	525	467	60	123	140	390
0162 Medical Facilities	3,414	3,303	25	658	921	3,015
All Other	2,568	1,142	248	737	1,133	498
Total	35,136	32,393	546	4,575	5,745	30,677
VBA						
0102 Compensation, Pension, & Burial Benefits	33,422	32,340	-	2,441	87	34,694
0137 Readjustment Benefits	3,334	3,176	285	82	37	2,936
4025 Housing Credit Liquidating	57	25	102	2	2	(77)
4127 Direct Loan Financing	1,923	649	2,147	71	69	(1,496)
4129 Guaranteed Loan Financing	6,228	2,059	2,034	22	12	35
8132 National Service Life Insurance Fund	10,651	1,518	307	1,467	1,472	1,206
All Other	5,511	3,138	1,226	419	433	1,898
Total	61,126	42,905	6,101	4,504	2,112	39,196
NCA						
0129 National Cemetery Adm.	152	145	-	33	29	149
All Other	36	36	-	31	46	21
Total	188	181	-	64	75	170
ADM						
0151 General Operating Expenses	2,068	1,951	542	308	432	1,285
All Other	2,922	2,168	2,495	676	(57)	406
Total	4,990	4,119	3,037	984	375	1,691
Total of all Business Lines	101,440	79,598	9,684	10,127	8,307	71,734

4. Segment Information

Segment Information

Condensed Balance Sheet as of September 30	Supply Fund		Franchise Fund	
	2005	2004	2005	2004
Assets				
Fund Balance with Treasury	\$ 564	\$ 921	\$ 111	\$ 96
Accounts Receivable, Net	93	133	55	28
General Property, Plant and Equipment	7	4	21	22
Other Assets Including Inventory	28	27	7	6
Total Assets	\$ 692	\$ 1,085	\$ 194	\$ 152
Liabilities and Net Position				
Accounts Payable	\$ 55	\$ 67	\$ 3	\$ 4
Deferred Revenues	146	338	-	-
Other Liabilities	337	524	92	57
Total Liabilities	538	929	95	61
Cumulative Results of Operations	154	156	99	91
Total Liabilities and Net Position	\$ 692	\$ 1,085	\$ 194	\$ 152
Condensed Net Cost Information				
Total Program Costs	\$ 1,898	\$ 1,829	\$ 247	\$ 230
Earned Revenues				
Intra-Departmental	(610)	(573)	(157)	(143)
Other Federal Entities	(1,249)	(1,225)	(94)	(66)
Non-Federal	(34)	(27)	-	-
Total Earned Revenues	\$ (1,893)	\$ (1,825)	\$ (251)	\$ (209)
Net Program Costs (Revenue)	\$ 5	\$ 4	\$ (4)	\$ 21

5. Franchise Fund Services

Created by Congress in 1996, as one of six Franchise Fund pilots operating within the Executive Branch of Government, the Department of Veterans Affairs' (VA) Franchise Fund supports VA's mission by supplying common administrative services at competitive prices. By law, the business lines within the Fund can only sell to federal entities. This organization accounted for its funds in six activity

centers (VA Enterprise Centers) and in one administrative organization: Austin Automation Center, Debt Management Center, Financial Services Center, Law Enforcement Training Center, Security and Investigations Center, VA Records Center and Vault, and the Enterprise Fund Office.

For more information, visit <http://www.va.gov/fund/reports>.

6. Supply Fund Services

Supply Fund functions include contracting for medical supplies, equipment, and services; stocking, repairing, and distributing supplies, medical equipment, and devices; providing forms, publications, and a full range of printing and reproduction services; training VA medical acquisition, supply, processing, and distribution personnel; and

increasing small and disadvantaged business participation in VA contracts. The two largest customers for the Supply Fund are VA and DoD, but the Fund also has significant sales to other federal agencies including the Department of Health and Human Services.